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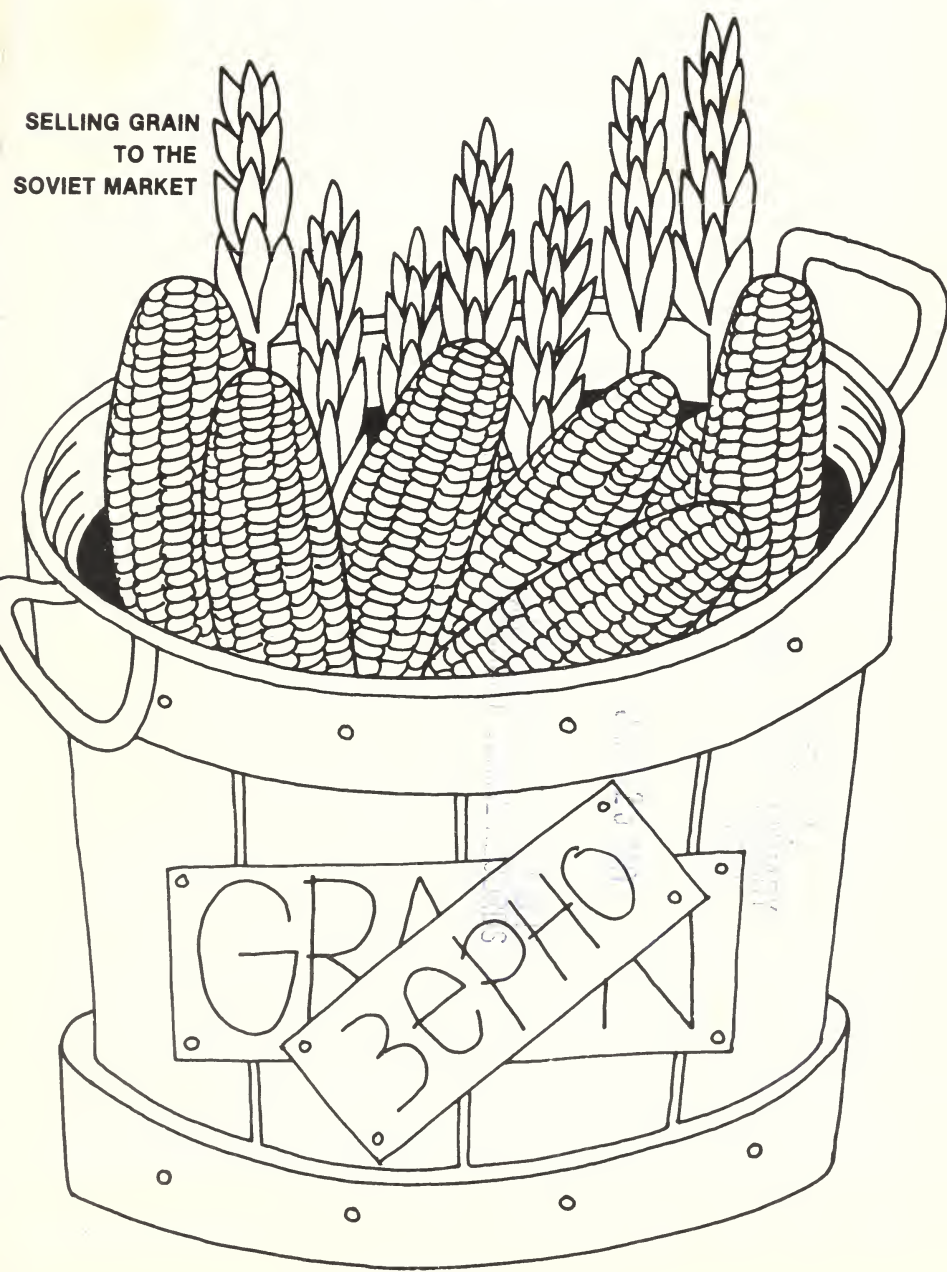
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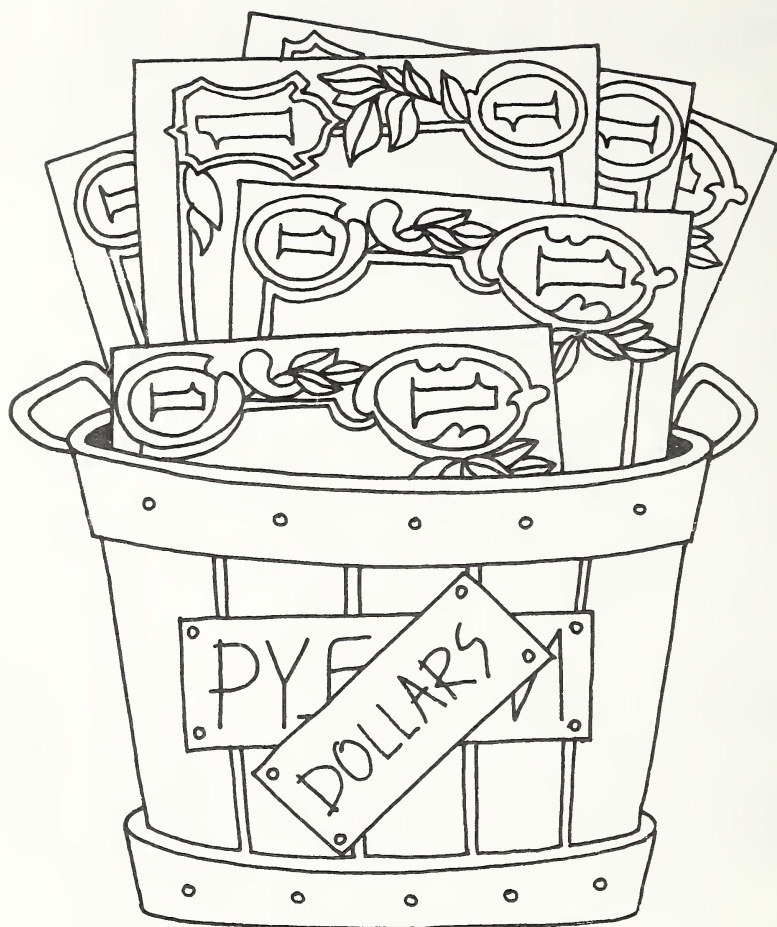
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ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE
U.S. DEPARTMENT OF AGRICULTURE

**SELLING GRAIN
TO THE
SOVIET MARKET**





SELLING GRAIN TO THE SOVIET MARKET

With a poor grain harvest facing the USSR this year, the stage is set for record grain purchases by the Soviets. Their crop output may fall about a fourth from the bumper harvest of 1978.

American farmers, especially corn farmers, can expect to reap much of the benefits, particularly with the transportation and labor problems

confronting other major grain exporters.

Soviet crop prospects have already helped boost prices for U.S. grains, despite the anticipated record U.S. corn crop and near-record wheat crop.

As of late October, USDA was projecting 1979 USSR grain production at around 175 million

metric tons for 1979 (a metric ton equals 2,205 pounds). This would not only be well below last year's 237 million tons, but also far short of the Soviet goal of 227 million tons.

What happened to the Soviet crop? Persistent bad weather, particularly in the European part of the USSR, was the major culprit. Cool and wet spring weather that delayed seeding was followed by bad drought. Finally, midsummer rains at harvesttime hampered the winter wheat harvest.

Other difficulties could be traced to inefficiencies in the Soviet agricultural sector, a shortage of farm equipment, and transportation problems.

It appears that the Soviets will have a respectable spring wheat crop (which usually represents between 40 and 60 percent of total Russian wheat production). This should help the total grain yield, but not enough to prevent the substantial shortfall U.S. forecasters are predicting. They expect the Soviets to import 32.5 million tons of grain (including rice).

Soviet officials and the Russian press have given mixed reports about crop developments. However,

there's little doubt about Soviet concern.

The USSR bought 11.7 million tons of corn and 4 million tons of wheat from the U.S. for delivery in 1978/79 (October 1, 1978-September 30, 1979).

Under the 5-year grain agreement with the U.S., the USSR is required to buy at least 6 million tons of grain a year from the U.S. (3 million of corn and 3 million of wheat). They may buy up to 8 million tons without additional permission.

In October 1979, after talks with the Soviets, the U.S. agreed to make available 25 million tons of wheat and corn between October 1979 and September 1980. The purchase may consist of any proportion of corn to wheat, but the Soviets will likely buy substantially more corn, following the pattern of recent years.

There is a good chance the Soviets will buy a large portion of the new limit. Reported U.S. sales for delivery in the fourth year of the agreement (October 1, 1979-September 30, 1980) so far total 8.3 million tons, including 3.6 million of wheat and 4.7 million of corn.

The expected poor harvest this year comes at a bad time for the

SOVIET GRAIN PRODUCTION AND IMPORTS

	July-June				
	1975/76	1976/77	1977/78	1978/79 ¹	1979/80 ²
<i>Million metric tons</i>					
Production					
All grains ³	140	224	196	237	175
Wheat	66	97	92	121	83
Coarse grains ⁴	66	115	93	105	82
Total grain imports					
All grains ⁵	26.1	11.0	18.4	15.6	32.5
Wheat	10.1	4.6	6.6	5.2	11.0
Coarse grains ⁴	15.6	5.7	11.7	10.0	21.0

¹Preliminary.

²Forecast.

³Includes wheat, coarse grains, rice, buckwheat, and miscellaneous grains.

⁴Includes corn, sorghum, barley, oats, rye, and millet.

⁵Includes wheat, coarse grains, and rice.

Soviets. After the large feed grain crop for the year ending January 1, 1979, cattle, hog, and poultry numbers were at record levels.

The Soviets have set a meat production goal of 19.5 million tons by 1985, and plan to devote all increases in grain supplies to livestock.

While grain consumption per animal has increased dramatically since the bad crop of 1975, improved feed efficiency is needed to meet Soviet goals.

The importance the Soviets put on maintaining feed supplies in the face of lean crop years is reflected in the high meat production goals, and in the precious hard currency—badly needed at home for modernization—that they are willing to spend overseas.

Soviet consumers have come to expect meat in the markets, and the Soviet government appears reluctant to sharply restrict supplies.

However, in response to the greatly reduced amounts of meat available in 1976—following the distress-slaughtering of hogs in 1975 to adjust to the lower feed supply—the Soviets instituted meatless Thursdays in an attempt to curb demand.

If the increased grain imports and withdrawals from reserve stocks are not sufficient to offset the lowered production this year, some slaughter of hogs or poultry, or both, may be necessary to adjust to reduced feed availability.

Such measures would be taken reluctantly, since it was only in 1978

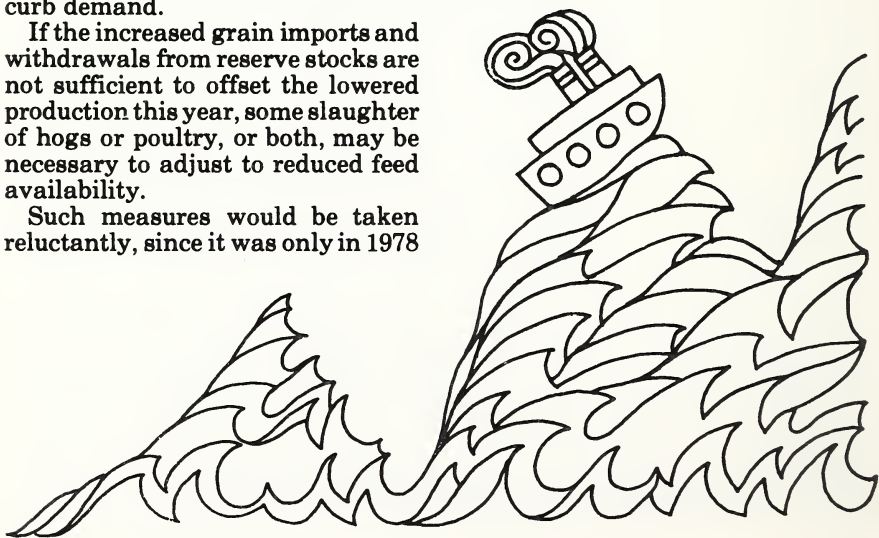
that hog numbers had recovered to the level prior to the distress-slaughtering that began in the summer of 1975.

Oilseed crops have been another problem for the USSR. In 1978, a cold, wet summer and late harvesting hurt the sunflowerseed crop—the major Soviet oilseed crop. This year drought hit the major producing areas. Production may approximate last year's reduced total of 5.3 million tons.

The Soviets imported about 1.2 million tons of soybeans from the U.S. in the 1978/79 marketing year (September 1, 1978-August 31, 1979), and outstanding sales for 1979/80 are already reported at almost 1.1 million tons.

The USSR has traditionally been the swing market in world grain trade. Their extremely variable imports exert a disproportionately large influence for a nation that accounts for only 10 to 18 percent of world grain imports.

The extreme variability of Soviet crop yields should continue in upcoming years. If they are to meet their 1985 meat production goals, a larger — but fluctuating — Soviet market seems assured for U.S. farmers.

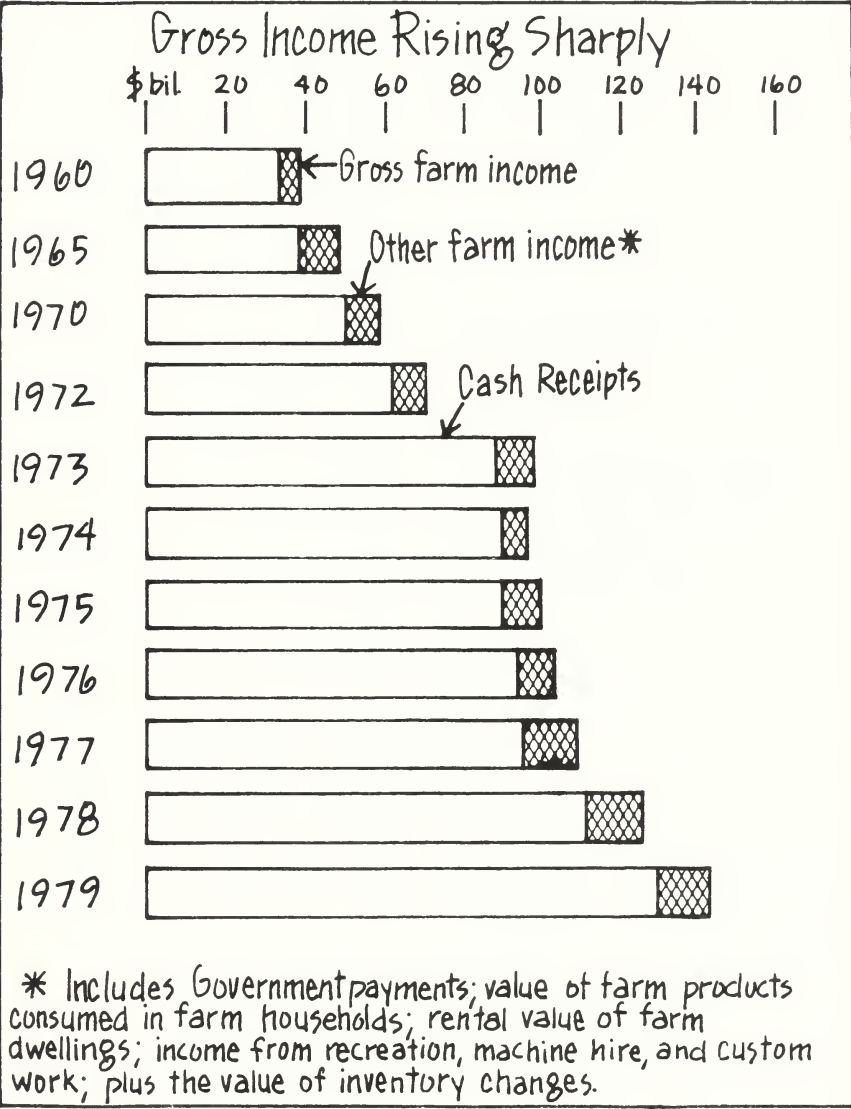


AN UPTURN IN AGRICULTURE

After several years of slow growth, overall economic conditions on the farm have taken a big turn for the better.

Gross farm income has risen sharply in the past 2 years, perhaps reaching \$145 billion this year—a new record that's double the 1972 farm income total.

The upturn—marked by a projected \$16-\$20 billion jump in cash receipts from farm marketings—follows average income gains of less than \$2 billion from 1973-77. The 1977-79 rise in gross farm income will fall just short of the 2-year record increase of \$38 billion for 1971-73.



A major factor in these income gains for farmers is the boom in livestock prices. Even though livestock prices have dropped some since May 1, they are expected to average about 20 percent above last year's prices. Despite lower total marketings, 1979 livestock sales will bring in about \$8 billion more than last year.

Farmers are also doing well with crop receipts this year, which will show the first substantial year-to-year increase since 1974. Soybeans, corn, and wheat crops are each expected to show \$2-billion gains in sales over year-earlier totals. Overall, crop receipts will rise about \$10 billion above 1978 levels.

Of course, farmers haven't been immune to inflation on the expense side. While income was rising, so were production costs, which are expected to increase about 15 percent for the year. From 1968-78, production expenses jumped from \$60 billion to \$98.1 billion.

One measure of the bite of inflation is the index of prices paid by farmers for production items—including interest, taxes, and wage rates. This index soared 122 percent in that decade, while the quantity of inputs rose but 12 percent.

The mix of inputs is also

changing, becoming steadily more capital-intensive. As a result, interest and depreciation account for a progressively larger share of farmers' expenses.

On the other side, hired labor has faded most among input cost items. Property taxes have also declined in relative importance because the amount of land in farms has dropped and because tax rates have increased less than most other input costs.

Even after subtracting the rising costs of inputs, farmers—on the average—have still fared relatively well in 1979. Net farm income, after adjustment for inventory changes, should hit \$30-32 billion, up 8 to 15 percent over 1978's \$27.9 billion. A net anywhere within this range would be the second largest on record, exceeded only by 1973's \$33.3 billion.

This doesn't mean that U.S. farmers are enjoying great prosperity. In constant dollar terms, net farm income has been fairly steady for many years. But the improved income of 1977-79 is a significant recovery from the leaner years of 1974-77.

Of course, it's easy to lose sight of the fact that these trends apply to the overall U.S. farm sector, and not

1978 INCOME BY SOURCE

Farms with sales of:	Percent of net farm income ¹	Percent of off-farm income	Percent of total income (farm and off-farm)	Share of total income from off-farm sources
\$100,000 and over	36.5	5.9	19.3	17
\$40,000-\$99,999	31.5	7.8	18.2	24
\$20,000-\$39,999	14.2	7.4	10.3	40
\$10,000-\$19,999	6.5	8.7	7.8	63
\$5,000-\$9,999	3.4	11.1	7.8	81
\$2,500-\$4,999	2.0	13.1	8.2	89
Less than \$2,500	5.9	46.0	28.4	91
All farms	100.0	100.0	100.0	56

¹Net income before inventory adjustment. Includes government payments, the value of products consumed in farm households, and the rental value of farm dwellings.

to each individual farmer. Even in "up" periods, some categories of farmers may benefit much more than others.

The sharp rises in agricultural productivity since World War II have been accompanied by a substantial drop in the total number of farms—from about 6 million in 1945 to less than half of that now.

At the same time, the larger farms have been growing in number and in their share of farm sales and farm income. Farms with annual sales of over \$20,000 comprised only 9 percent of all farms in 1960. Last year, more than a third of all farms sold at least \$20,000; and this third of all farms accounted for more than 90 percent of all farm cash receipts.

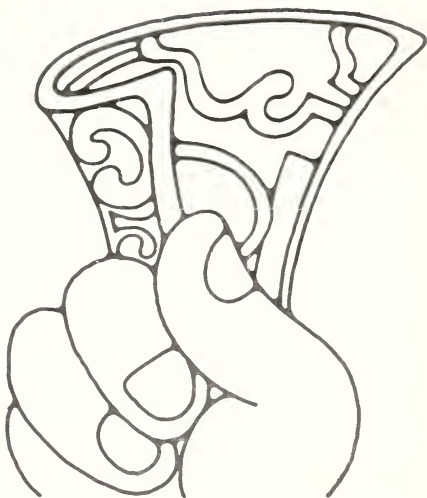
Farms with sales exceeding \$200,000 are the fastest-growing category, now accounting for more than 40 percent of all farm products sold.

On the other end of the spectrum, farms with sales of less than \$20,000 a year dropped from 91 percent of all farms in 1960 to two-thirds last year. In 1978, they accounted for only 9 percent of the U.S. farm sector's cash receipts.

Although farm income has been the traditional measure of the well-being of farm families, off-farm income is a major contributor to many budgets. The average off-farm income for all farms reached \$12,800 last year.

In general, as farm size declines, off-farm income becomes a larger part of total family income. In fact, among families operating farms earning less than \$20,000 annually—and two of every three U.S. farms are in this category—off-farm income averaged more than farm income.

While these families shared in less than a fifth of net farm income for all farms, they earned 80 percent of all the off-farm income. Consequently, they received about half of the total (combined farm and off-farm) income of the farm sector.



WHERE FARMERS SHOP

When farmers go shopping for production items, other farmers and farmer-owned cooperatives get a big share of the business.

Over half of all feed grain purchases by farmers and ranchers last year were made from other farmers or from cooperatives. Nonco-op feed dealers supplied a fourth of the feed grains bought by farmers, and another 20 percent came from nonco-op mills and elevators.

Nonco-op feed dealers and mills and elevators were the sources for nearly two-thirds of the mixed and formula feeds bought by farmers, with cooperatives supplying most of the remainder. In contrast, over two-thirds of the hay purchased by farmers came from other farmers and ranchers.

Some 70 percent of all purchased feed was delivered to the farms by the seller, and the rest was hauled by the buyer.

FEED GRAINS BOUGHT BY FARMERS

Supplier	Percent of total farmer purchases ¹
Other farmers and ranchers	25
Co-op feed dealers and retail outlets	16
Co-op mills and elevators	11
Nonco-op feed dealers and retail outlets	25
Nonco-op mills and elevators	20
Other	3

¹Percent of purchases through each supplier is based on total dollar expenditure.

These findings are among the highlights of a recent Crop Reporting Board survey designed to help improve USDA's program of reporting prices paid by producers. The survey focused on where farmers bought their 1978 supplies of major production inputs.

Seed: Farmers bought 37 percent of their field seeds, hay, and pasture seeds from other farmers and farmer dealers. They purchased another fifth of their seeds from co-op seed and plant suppliers and agricultural supply centers.

Nonco-op seed and plant suppliers got 28 percent of the business, and nonco-op agricultural supply centers 13 percent.

Feeder Livestock: Local farmers and ranchers handled 17 percent of farmer purchases of feeder cattle and calves, and cooperatives handled 10 percent. The largest suppliers were local nonco-op livestock auctions (34 percent of total sales) and feeder livestock dealers and order buyers (also 34 percent).

Nearby farmers and ranchers were the source for 31 percent of the feeder pigs bought by farmers, and cooperatives accounted for another 14 percent. Local nonco-op livestock auctions supplied 35 percent of the feeder pigs.

Fertilizers and Chemicals:

Nonco-op fertilizer and farm chemical dealers made over 40 percent of 1978 fertilizer sales to farmers, while co-op dealers made 30 percent of the sales. Nonco-op and co-op agricultural supply centers each accounted for more than a tenth of fertilizer sales.

Over a third of the fertilizer sold was applied directly to the field by the suppliers.

Nonco-op fertilizer and farm chemical dealers supplied nearly half of the pesticides bought by farmers. Nonco-op supply centers accounted from another 13 percent. Farmers purchased 40 percent of their pesticides from co-op dealers or supply centers.

Twenty percent of the pesticide purchases were applied directly by the sellers.

Building and Fencing

Materials: Nearly 60 percent of farmer purchases of building materials came from nonco-op lumber or building supply centers. Nonco-op agricultural supply centers provided just over 10 percent. Cooperative supply centers received 12 percent of the business.

Nonco-op lumber or building supply centers and nonco-op agricultural supply centers shared close to half of all farmer purchases of fencing materials. Farmers bought 29 percent of fencing materials from co-op centers.

Hardware stores accounted for 28 percent of the purchases of hardware supplies, followed by nonco-op agricultural supply centers, and department and discount stores.

Farm Equipment: Major brand dealers handled 92 percent of new tractor and self-propelled equipment purchases and 62 percent of the used equipment purchases. Seventeen percent of the used units were bought at farm sales.

Nonco-op farm machinery and equipment dealers supplied producers with two-thirds of the

parts and repairs for tractors and other machinery.

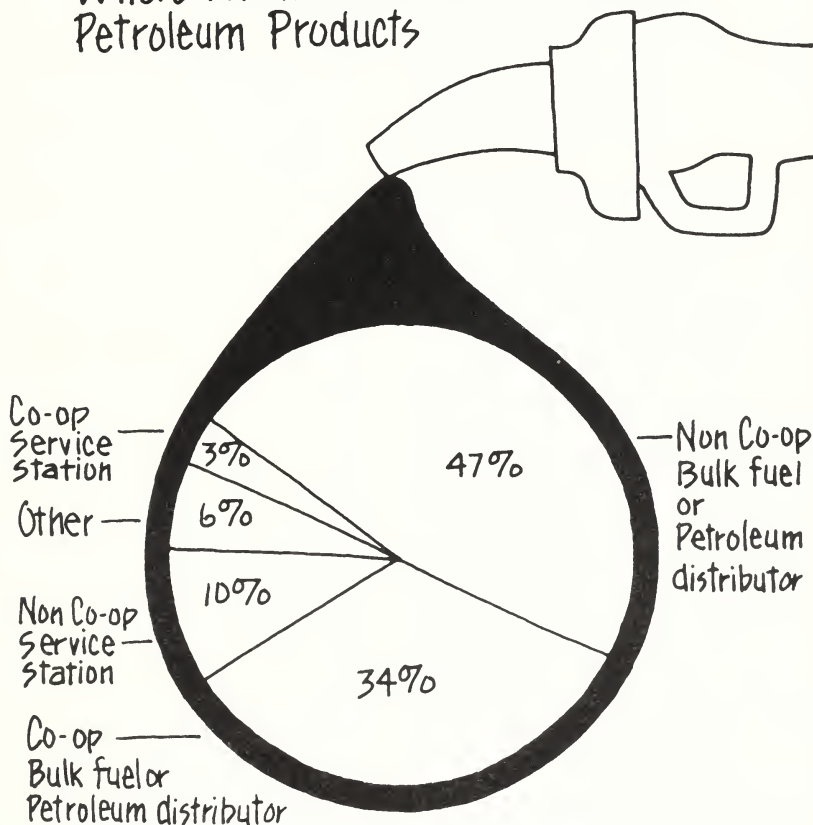
Nearly half of all tires and tubes for farm vehicles were bought from auto parts, tire, and supply stores. Co-op agricultural supply centers, service stations, and farm machinery and equipment dealers sold 21 percent of the tires and tubes.

Energy: Nonco-op bulk fuel or petroleum distributors provided about half of total farm purchases of these products. Nonco-op service stations got 10 percent of the business. Co-op fuel distributors and service stations sold farmers 37 percent of their fuels and petroleum products.

The average one-way distance driven by farmers to purchase input items ranged from 13 miles for fertilizer to 22 miles for farm equipment. Nearly two out of three farmers bought mixed feed, fertilizer, and building materials from the nearest dealers; 60 percent bought farm equipment from the closest outlet.

For a free copy of the complete report, write to Crop Reporting Board, Rm. 0005-South, USDA, Washington, D.C. 20250. Ask for Farmers' Purchasing Patterns For 1978.

Where Farmers Purchased Fuel and Petroleum Products



PRODUCTIVITY PACESETTER

U.S. agriculture has come a long way since the days when the average farmworker produced only enough food, fiber, and tobacco for a family of four.

Last year, the average U.S. farmworker (farm operator, family member, or hired laborer) supplied an estimated 65 people at home and abroad, and that record of productivity is increasing nearly every year.

If it weren't for the dramatic gains in agricultural productivity, there would either be a lot more farmers or a lot fewer people in the U.S. today.

Back in 1820, about 70 percent of the "work force" was engaged in farming. In numerical terms, that meant that about 2½ million people were working on farms out of a total U.S. population of less than 10 million. Of course, most of those not classified as farmworkers were children or other family members of farmworkers.

The farmworker produced only enough to supply four people, so—on the average—a four-member family would need one farmworker just to provide for the family's needs and it would take a second family member to produce extra products for townspeople or for export.

But that was before the McCormick reaper, the Erie Canal, commercial fertilizers, and the Homestead Act. It was before the first American "agricultural revolution" which marked the transition from hand-powered to horse-powered equipment and from self-sufficient to commercial agriculture in the North.

By the turn of the century, U.S. agriculture had made considerable progress. The average farmworker could now feed, clothe, or fill the tobacco pouch of almost seven people—a very significant increase by previous standards.

However, in the same period that

the farmworker became more productive, the U.S. population had swelled to some 76 million. Even the new efficiencies would hardly have been enough to support the larger population if the number of people engaged in farming had not also increased dramatically.

Fortunately, farm employment had grown along with population, reaching nearly 13 million by 1900. The increased numbers of farmworkers and the increased productivity combined to give the Nation excess products for export markets.

Productivity per farmworker continued to move gradually, but steadily, higher until World War II led to America's second

NUMBER OF PERSONS SUPPLIED WITH FARM PRODUCTS BY ONE U.S. FARMWORKER¹

Year	No. supplied per farmworker ²		
	Total	At home	Abroad
1820	4.1	3.8	0.3
1840	3.9	3.7	0.2
1860	4.5	4.0	0.5
1880	5.6	4.5	1.1
1900	6.9	5.2	1.7
1920	8.3	6.9	1.4
1940	10.7	10.3	0.4
1950	15.5	13.8	1.7
1960	25.8	22.3	3.5
1970	47.1	39.9	7.2
1975	57.6	42.7	14.9
1976	54.8	41.1	13.7
1977	59.8	42.8	17.0
1978 ³	65.0	46.5	18.5

¹Includes farm operators, unpaid family workers, and hired workers.

²Number supplied includes farmworkers.

³Preliminary.

"agricultural revolution." By that time, farm employment was already in a decline that has continued into the 1970's.

However, the transition from animal to mechanical power was about to set productivity on an unprecedented growth spiral that could accommodate fewer people working on farms, a growing nonfarm population, and rising export demand as well.

In the 40 years from 1900 to 1940, the number of people supplied by the average U.S. farmworker had increased by about 4, reaching 10.7. But in the next 20 years, from 1940 to 1960, the number of people supplied per farmworker more than doubled to 25.8. From 1960 to 1978, it more than doubled again.

Last year, total farm employment, at 3.9 million, was less than a third of its level in 1900. Over the same period, the U.S. population had almost tripled to around 220 million. However, the productivity of the U.S. farmer was more than a match for the much increased workload.

With the help of modern technologies, the average farmworker not only produced enough farm products for 46-47 Americans, but also enough to sell to 18-19 people abroad.

GETTING THE FACTS

A cross-section of U.S. winter wheat farmers, hog producers, and cattle producers are now being contacted in USDA's annual survey to develop current estimates of planted wheat acreage, hog numbers and farrowing plans, and cattle.

The estimates for winter wheat plantings will be published by USDA's Crop Reporting Board in the *Small Grains* report on December 21. The latest estimates of hogs on farms and ranches, and

farrowing plans for early 1980, will be issued the same day in the *Hogs and Pigs* report.

Cattle estimates will be published on January 30, 1980, in the *Cattle* report.

Participation in the surveys—which provide the basis for the estimates—is voluntary, and farmers' responses to the questions are kept confidential.

Producers' responses are used only in State and national estimates which are relied upon for decisions across agriculture.

The information is used by farmers in making their production, storage, and marketing plans; by manufacturers or processors serving farmers; by State and Federal farm program planners working with producers; and by the transportation and export industry.

For a free copy of any or all of these reports, write to the Crop Reporting Board, Room 0005-South, USDA, Washington, D.C. 20250. Ask for the reports by title.

RECORD YIELDS

Although figures are still being revised as the estimating process hones in on this year's harvest, it's clear that record yields are in prospect for corn, sorghum, soybeans, and cotton.

Corn production, as of mid-October, was projected at 7.4 billion bushels, 4 percent larger than the bumper 1978 crop. The average yield was forecast at 106.4 bushels per acre, up 5.2 bushels from 1978.

Even with the larger crop, corn prices were expected to average 15 to 45 cents higher than last year's average farm price of \$2.20 per bushel.

Soybean production was pegged at a record 2.21 billion bushels as of mid-October. If this holds up, output will be almost a fifth larger than in 1978, with yield per acre up 2 bushels from last year.

Downward pressure on soybean prices, particularly if the Southern Hemisphere crop is good, indicated a 1979/80 season average of \$5.75 to \$6.50, compared with last year's \$6.75 per bushel.

Among oil crops, the sunflower seems to be standing taller every year. The first forecast of the 1979 crop, for the four major producing States, indicated that production will nearly double from last year to 7.66 billion pounds. This would represent an output increase of 177 percent since 1977.

The development of hybrid varieties of sunflowerseed along with the high oil content has moved the U.S. to second place in world sunflowerseed production, behind only the USSR. The U.S. is the world's largest sunflowerseed exporter. More than three-fourths of this year's crop will be available for export.

Cotton production was projected at 14.4 million bales, up almost a third from last year, and yield prospects at a record high 528 pounds per harvested acre.

A deterioration in foreign production prospects and indications of heavy foreign mill use bode well for cotton prices. Exports in 1979/80 may reach 6.5 million bales, the highest level since 1960/61.

Wheat production was last forecast at 2.11 billion bushels, up 18 percent from last year and the third largest ever. Rice growers expected a record harvest of 138 million hundredweight, an increase of 3 percent from 1978. Both wheat and rice prices are likely to average sharply higher than last year.

The official forecast for fall potatoes placed production at 300 million hundredweight, 7 percent below the 1978 record because of smaller harvested acreage.

U.S. CROP SUMMARY

Crop and unit	Area harvested		Yield per acre		Production	
	1978	1979 prelim. ¹	1978	1979 prelim. ¹	1978	1979 prelim. ¹
	<i>Thousand acres</i>		<i>Units per acre</i>		<i>Million units</i>	
Corn for grain (bu.)	69,970	69,476	101.2	106.4	7,082	7,390
Sorghum for grain (bu.)	13,581	12,955	55.1	63.0	748	817
Oats (bu.)	11,531	10,002	52.2	53.1	601	531
Barley (bu.)	9,233	7,445	48.4	48.9	447	364
All wheat (bu.)	56,839	62,227	31.6	34.0	1,799	2,114
Rice (cwt./) ²	2,979	3,017	4,493	4,568	134	138
Rye (bu.)	995	936	26.3	25.4	26.2	23.7
Soybeans for beans (bu.)	63,343	70,249	29.5	31.5	1,870	2,213
Flaxseed (bu.)	860	1,009	12.7	13.1	10.9	13.3
Peanuts for nuts (lb.)	1,512	1,525	2,639	2,682	3,989	4,089
Sunflower (lb.)	2,798	5,463	1,377	1,401	3,853	7,656
All cotton (bale) ²	12,370	13,061	421	528	10,856	14,356
All hay (ton)	61,495	60,860	2.31	2.35	142	143
Dry edible beans (cwt.) ²	1,494	1,384	1,279	1,434	19.1	19.9
Dry edible peas (cwt.) ²	202	140	1,783	1,502	3.6	2.1
Fall potatoes (cwt.)	1,155	1,073	280	280	323	300
Sweetpotatoes (cwt.)	121	122	119	122	14.3	14.8
Tobacco (lb.)	948	856	2,135	1,965	2,025	1,682
Sugarbeets (ton)	1,272	1,121	20.3	19.9	25.8	22.3
Sugarcane for sugar and seed (ton)	739	731	35.1	37.0	25.9	27.1

¹Indicated as of October 1. ²Yield in pounds.

Briefings

RECENT REPORTS BY USDA OF ECONOMIC, MARKETING, AND RESEARCH DEVELOPMENTS AFFECTING FARMERS

NO SET-ASIDE FOR FEED GRAINS. . . There will be no set-aside or diversion for 1980 feed grain crops. This means all producers of corn, sorghum, and barley will be eligible for target price protection, loans, and participation in the reserve program in 1980. Loan rates for feed grains, and soybeans, will at least match the 1979 levels. Preliminary feed grain target prices will be announced by March 15, but current estimates indicate target prices of about \$2.08 per bushel for corn, \$2.46 for sorghum, and \$2.35 for barley. In order to qualify for full target price protection, farmers cannot plant more corn, sorghum, or barley in 1980 than was considered planted and set-aside from these crops this year.

GRAIN RESERVE OPENED. . . All 1978 grain crops under loan to the Commodity Credit Corporation (CCC) and all 1979 grain crops eligible for CCC loans may be placed in the farmer-owned reserve program. Since USDA opened the reserve on October 22, crops eligible to move immediately into the program are 1978 and 1979 crop wheat, corn, sorghum, oats, and rice under CCC loan. Barley will be eligible when it is no longer in "call" status.

QUARTERLY CATTLE. . . Cattle feeders in the 23 major cattle feeding States expect October-December marketings for slaughter will be down 11 percent from fall 1978, according to the Crop Reporting Board. If this holds up, the fourth quarter will match July-September marketings of 5.98 million head, the lowest third quarter total since 1975. Placements of cattle on feed during the third quarter, at 5.95 million head, were down 19 percent from last year and the lowest since 1976.

EXPANDING SAUDI MARKET. . . Sparsely populated Saudi Arabia will be the Middle East's biggest importer of agricultural products this year, taking upwards of \$3 billion worth—50 percent more than in 1978 and 150 percent more than in 1977. The U.S. continues to share in the trade growth, but its sales are not keeping pace with the expanding Saudi market. U.S. farm product exports this year may show about a 30-percent gain from 1978 shipments, totaling slightly more than \$400 million according to recent forecasts.

EARLY OUTLOOK. . .The financial condition of the Nation's farmers has shown record improvement this year, but a leveling may occur in 1980. Gross farm income should increase slightly, but rising costs of farm inputs could mean a sharp drop—perhaps by a fifth—in 1980 net farm income from this year's anticipated \$30 to \$32 billion level. Off-farm income will probably be slightly higher, and farm asset values are also likely to show some gain. But taking into account farm and off-farm income prospects, as well as the expected increase in farm equities, the uptrend in the overall financial condition of the farming sector may be interrupted in 1980.

EXPORT ACRES. . .U.S. agricultural exports required the production of 113 million acres, or 1 out of every 3 acres harvested last year. Export demands were met with 2 million fewer acres from the 1977 crop. Of last year's export acreage, wheat and other food grains accounted for 35 percent; oil crops, 31 percent; feed grains, 22 percent; cotton, 6 percent; and all other products, 6 percent.

GYPSY MOTH DAMAGE DOWN. . .This season's damage from the gypsy moth—the most destructive hardwood forest defoliator in the Northeast—was only half of last year's. Some 643,000 acres were defoliated in the Northeast, down from 1,271,990 acres in 1978.

BACTERIUM IN THE BIN. . .An EPA-registered commercial formulation using a bacterium offers an alternative to chemical insecticides for preventing insect damage to stored grain. Tests conducted at the U.S. Grain Marketing Research Laboratory in Manhattan, Kansas, have shown that *Bacillus thuringiensis* gives long-term control of the Indian meal moth and almond moth in stored grain. It is not hazardous to apply and affects only insects, so treated grain can be used at any time for any purpose. Research also indicates that its effectiveness is not reduced by typical midsummer temperatures or by protectants or fumigants for controlling grain beetles and the rice weevil.

PENALTIES PROPOSED. . .USDA has proposed procedures for handling violations of the Agricultural Foreign Investment Disclosure Act, which requires foreign owners of U.S. agricultural land to report their holdings to ASCS. Under the proposals, individuals who file a late report may be fined one-tenth of 1 percent of the fair market value of the land for every week the report is late, not to exceed 25 percent of the land's value. Those who file an incomplete or misleading report may be fined the entire 25 percent. Procedures are also outlined for determining if the law has been violated and for appealing such decisions. Comments on these proposals, which are spelled out in the October 26 *Federal Register*, must be submitted by December 26 and should be addressed to the Administrator, ASCS-USDA, Room 218-W, P.O. Box 2415, Washington, D.C. 20013.

Statistical Barometer

Item	1977	1978	1979—latest available data
Prices received by farmers (1967=100):			
All farm products	183	210	236 October
All crops	192	204	222 October
Food grains	156	191	255 October
Feed grains and hay	181	184	214 October
Cotton	270	245	252 October
Tobacco	175	191	206 October
Oil-bearing crops	243	226	229 October
Fruit	163	227	229 October
Commercial vegetables	176	189	181 October
Livestock and products	175	217	248 October
Meat animals	168	226	266 October
Dairy products	193	210	250 October
Poultry and eggs	174	185	167 October
Prices paid by farmers (1967=100):			
Commodities and services, interest, taxes, and wage rates	202	219	256 October
Production items	200	216	255 October
Feed	186	183	211 October
Feeder livestock	158	221	288 October
Seed	261	273	295 October
Fertilizer	181	180	211 October
Agricultural chemicals	157	147	151 October
Fuels and energy	202	212	314 October
Farm and motor supplies	165	171	198 October
Autos and trucks	234	248	275 October
Tractors and self-propelled machinery	238	259	302 October
Other machinery	246	266	305 October
Building and fencing	229	248	281 October
Farm services and cash rent	232	245	259 October
Interest ¹	339	396	487 October
Taxes ²	195	207	221 October
Wage rates ³	226	242	266 October

¹Interest payable per acre on farm real estate debt.

²Farm real estate taxes payable per acre.

³Seasonally adjusted, annual average is simple average of quarterly indexes.

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